

Town of Frederick Board of Trustees



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AM 2009-110

TO CONSIDER AN AGREEMENT WITH CENTRAL WELD COUNTY WATER DISTRICT TO ASSUME SHARES IN THE NORTHERN INTEGRATED SUPPLY PROJECT


Agenda Date: Town Board Meeting – December 8, 2009

Attachments:

- a. Assignment Agreement
- b. Letter from CWCWD dated September 19, 2009

Fiscal Note: The funds for this purchase would be from the Water Shares Fund which has sufficient budgeted funds to cover the \$162,280.00 for this purchase.

Interim / 
Finance Director

Submitted by: Richard Leffler, P.E. 
Town Engineer

Approved for Presentation: 
Town Administrator

AV Use Anticipated Projector _____ Laptop _____

Certification of Board Approval:

Town Clerk

Date

Summary Statement:

As discussed with the Board over the past three years, it has been the Town's intention to assume 1,300 shares of Central Weld County Water District's (CWCWD) 7,100 share interest in the Northern Integrated Supply Project (NISP). Approval of the attached agreement would formalize this transfer pending approval by CWCWD and Northern Colorado Water Conservancy District (NCWCD). The Town has been assured that these approvals will be forthcoming.

Detail of Issue/Request:

NISP is a proposed water supply project being coordinated by NCWCD that would create 40,000 acre-feet of new water supplies to 15 water providers without contributing to agricultural dry-up. Frederick is currently a participant in NISP in the amount of 2,600 shares which includes the 1,300 shares that were purchased from the Town of Berthoud in 2008 and the 1,300 shares addressed by the attached agreement. These shares will yield 2,600 acre-feet of high quality water that will help meet projected needs for approximately 20 years into the future. A mixture of cash, bonds and/or low-interest loans are expected to finance the total project, which is now estimated at \$450 million, or about \$11,000 per acre foot of water. Staff is of the opinion that this is a feasible option to help Frederick meet future potable water needs. Many communities on the Front Range are paying much more for new water supplies. Colorado-Big Thompson (CBT) water is currently going for about \$11,000 to \$13,000 per acre foot, and has been priced at up to about \$20,000 per acre foot depending on market values and the yield assigned to a CBT unit. Studies by our water engineering consultants have indicated that we will ultimately need about 4,000 acre-feet of additional potable water supplies above what we now own and that the NISP project appears to be the best option that is available to the Town.

Since 2003 when the NISP project was initiated and through the end of 2007, CWCWD has been paying for shares of NISP that are projected to be needed for future growth in Frederick, Dacono and Firestone as well as in their service area outside of these communities. The plan has been that Frederick and the neighboring communities would at some point assume ownership of their respective shares and NCWCD staff have encouraged that this take place now. Beginning in 2008 Frederick began paying the assessments for 1,300 of the shares held in CWCWD's account plus the 1,300 shares purchased from Berthoud. As indicated in the attached letter from CWCWD dated September 17, 2009, the initial request was that Frederick pay \$184,163.00 for the 1,330 shares. Subsequent discussions have resulted in an understanding that interest charges would be dropped if the payment of \$162,280.00 would be made in 2009.

Legal/Political Considerations:

The attached agreement has been reviewed by the Town Attorney and is acceptable in form and content.

Alternatives/Options:

Not approve the attached agreement and search for other water supplies.

Financial Considerations:

Water Share Funds were budgeted in 2009 to repay CWCWD for costs associated with these 1,300 shares of NISP and for other water purchases. There are sufficient funds budgeted to repay the \$162,280.

Staff Recommendation:

Staff recommends that the Board approve the attached Assignment Agreement to transfer 1,300 shares of NISP from CWCWD to the Town of Frederick, to pay the amount of \$162,280.00 for this transfer and authorize the Mayor to sign the agreement.